

Non-GAAP Financial Information

This document contains non-GAAP financial measures, including non-GAAP income from operations, non-GAAP adjusted EBITDA, non-GAAP diluted EPS and non-GAAP net organic sales. The Company believes that these non-GAAP measures, when presented in conjunction with comparable GAAP measures, provide useful information about its operating results and enhance the overall ability to assess the Company's financial performance. Internally, the company uses this non-GAAP information as an indicator of business performance and evaluates management's effectiveness with specific reference to these indicators. These measures should be considered in addition to, not a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. Additional information relating to the adjustments for non-GAAP income from operations, non-GAAP adjusted EBITDA, non-GAAP diluted EPS and non-GAAP net organic sales is set forth in the attached schedules and in our periodic filings with the Securities and Exchange Commission, both of which can be found in the Investors section of our website, www.rrdonnelley.com.

R.R. Donnelley & Sons Company
Reconciliation of GAAP to Non-GAAP Measures
For the Three Months Ended March 31, 2017 and 2016
(UNAUDITED)
(in millions, except per share data)

	For the Three Months Ended March 31, 2017						For the Three Months Ended March 31, 2016					
	SG&A	Income from operations	Investment and other expense (income) - net	Income tax expense	Continuing Operations - Net (loss) earnings attributable to common stockholders	Net (loss) earnings attributable to common stockholders per diluted share	SG&A	Income from operations	Income tax expense	Continuing Operations - Net (loss) earnings attributable to common stockholders	Net (loss) earnings attributable to common stockholders per diluted share	
GAAP basis measures	\$ 222.7	\$ 47.4	\$ 48.7	\$ 0.2	\$ (50.1)	\$ (0.71)	\$ 229.3	\$ 57.6	\$ 3.4	\$ 3.6	\$ 0.05	
Non-GAAP adjustments:												
Restructuring charges - net ⁽²⁾	—	8.0	—	1.4	6.6	0.08	—	6.4	(0.7)	7.1	0.10	
Impairment charges - net ⁽²⁾	—	0.5	—	0.1	0.4	0.01	—	(1.6)	(1.1)	(0.5)	(0.01)	
Other charges ⁽²⁾	—	0.6	—	0.1	0.5	0.01	—	0.5	(0.1)	0.6	0.01	
Spinoff-related transaction expenses ⁽³⁾	(2.1)	2.1	—	0.8	1.3	0.02	—	—	—	—	—	
Acquisition-related expenses ⁽⁴⁾	—	—	—	—	—	—	(0.6)	0.6	0.2	0.4	0.01	
Net loss on investments ⁽⁵⁾	—	—	(50.3)	(1.0)	51.3	0.73	—	—	—	—	—	
Gain on disposal of businesses ⁽⁶⁾	—	—	—	—	—	—	—	(12.3)	—	(12.3)	(0.18)	
Total Non-GAAP adjustments	(2.1)	11.2	(50.3)	1.4	60.1	0.85	(0.6)	(6.4)	(1.7)	(4.7)	(0.07)	
Non-GAAP measures	\$ 220.6	\$ 58.6	\$ (1.6)	\$ 1.6	\$ 10.0	\$ 0.14	\$ 228.7	\$ 51.2	\$ 1.7	\$ (1.1)	\$ (0.02)	
	2017	2016										
GAAP diluted weighted average common shares outstanding	70.1	70.3										
Dilutive impact of change in earnings ⁽⁷⁾	0.2	(0.4)										
Non-GAAP diluted weighted average common shares outstanding	70.3	69.9										
Additional non-GAAP information:	2017	2016										
SG&A as a % of total net sales ⁽¹⁾	13.2%	13.9%										
Operating margin	3.5%	3.1%										
Effective tax rate	13.4%	188.9%										

- 1) Exclusive of depreciation and amortization.
- 2) *Restructuring, impairment and other charges - net*: charges incurred in the first quarter of 2017 included pre-tax charges of \$6.4 million for employee termination costs; \$1.6 million of lease termination and other restructuring costs; \$0.6 million for multi-employer pension plan withdrawal obligations unrelated to facility closures; and \$0.5 million of impairment charges related to equipment. Charges incurred in the first quarter of 2016 included pre-tax charges of \$4.9 million for employee termination costs; \$1.6 million for a net gain on the sale of previously impaired other long-lived assets, partially offset by impairment charges related to buildings and machinery and equipment associated with facility closures; \$1.5 million of lease termination and other restructuring costs; and \$0.5 million of other charges for multi-employer pension plan withdrawal obligations unrelated to facility closures.
- 3) *Spinoff-related transaction expenses*: included charges related to consulting and other expenses for the three months ended March 31, 2017 associated with the 2016 spinoff transactions.
- 4) *Acquisition-related expenses*: included charges related to legal, accounting and other expenses for the three months ended March 31, 2016 associated with contemplated or completed acquisitions.
- 5) *Net loss on investments*: included a pre-tax loss of \$51.6 million (\$51.6 million after-tax) resulting from the sale of the Company's investment in LSC, partially offset by a pre-tax gain of \$1.3 million (\$0.3 million after-tax) related to the Company's affordable housing investments during the three months ended March 31, 2017.
- 6) *Gain on dispositions of businesses*: included a gain on the sale of businesses within the International segment during the three months ended March 31, 2016.
- 7) *Dilutive impact of change in earnings*: in periods when the Company is in a net loss from continuing operations, share-based awards are excluded from the calculation of earnings per share as their inclusion would have an anti-dilutive effect. In the first quarter of 2017, the Company had a net loss on a GAAP basis and thus did not include the dilutive impact of share-based awards in the calculation of earnings per share but had net earnings on a Non-GAAP basis and therefore included the impact of the dilutive share-based awards in the calculation of earnings per share. In the first quarter of 2016, the Company had net earnings from continuing operations on a GAAP basis and thus included the impact of the dilutive share-based awards in the calculation of earnings per share but had a net loss from continuing operations on a Non-GAAP basis and therefore did not include the dilutive impact of share-based awards in the calculation of earnings per share.

R.R. Donnelley & Sons Company

Reconciliation of GAAP to Non-GAAP Measures

For the Twelve Months Ended December 31, 2016 and 2015

(UNAUDITED)

(in millions, except per share data)

	For the Twelve Months Ended December 31, 2016						For the Twelve Months Ended December 31, 2015					
	Cost of sales	SG&A	(Loss) income from operations	Operating margin	Continuing Operations - Net (loss) earnings attributable to common stockholders	Net (loss) earnings attributable to common stockholders per diluted share	SG&A	Income from operations	Operating margin	Continuing Operations - Net earnings attributable to common stockholders	Net earnings attributable to common stockholders per diluted share	
GAAP basis measures	\$5,518.9	\$900.8	\$ (300.6)	(4.4)%	\$ (486.2)	(6.95)	\$872.6	\$ 237.3	3.4%	\$ (19.0)	(0.28)	
Non-GAAP adjustments:												
Restructuring charges - net ⁽¹⁾	—	—	25.4	0.5%	17.0	0.24	—	31.6	0.5%	27.3	0.40	
Impairment charges - net ⁽²⁾	—	—	556.6	8.1%	519.6	7.42	—	28.9	0.4%	22.0	0.32	
Other charges ⁽³⁾	—	—	2.3	—	1.5	0.02	—	2.2	—	1.5	0.02	
Spinoff-related transaction expenses ⁽⁴⁾	—	(8.0)	8.0	0.1%	4.9	0.07	—	—	—	—	—	
Acquisition-related expenses ⁽⁵⁾	—	(2.7)	2.7	—	1.8	0.03	(0.5)	0.5	—	0.4	0.01	
Pension settlement charges ⁽⁶⁾	—	(21.1)	21.1	0.3%	12.9	0.18	—	—	—	—	—	
OPEB curtailment gains ⁽⁷⁾	16.2	3.3	(19.5)	(0.3)%	(12.0)	(0.17)	—	—	—	—	—	
Venezuela currency remeasurement ⁽⁸⁾	—	—	—	—	—	—	—	—	—	17.0	0.25	
Net loss on investments ⁽⁹⁾	—	—	—	—	1.3	0.02	—	—	—	1.7	0.02	
Net (gain) loss on disposal of businesses ⁽¹⁰⁾	—	—	(11.9)	(0.2)%	(12.1)	(0.16)	—	—	—	15.7	0.23	
Income tax adjustment ⁽¹¹⁾	—	—	—	—	(0.4)	(0.01)	—	—	—	—	—	
Total Non-GAAP adjustments	16.2	(28.5)	584.7	8.5%	534.5	7.64	(0.5)	63.2	0.9%	85.6	1.25	
Non-GAAP measures	\$5,535.1	\$872.3	\$ 284.1	4.1%	\$ 48.3	\$ 0.69	\$872.1	\$ 300.5	4.3%	\$ 66.6	\$ 0.97	

(1) Restructuring charges - net: Operating results for the year ended December 31, 2016 and 2015 were affected by the following restructuring charges:

	2016	2015
Employee termination costs ^(a)	\$ 21.9	\$ 22.4
Other restructuring charges ^(b)	3.5	9.2
Total restructuring charges - net	\$ 25.4	\$ 31.6

- For the year ended December 31, 2016, employee termination costs primarily related to the reorganization of certain operations and two facility closures in the International segment. Charges for the year ended December 31, 2015 primarily related to two facility closures in the International segment, one facility closure in the Variable Print segment and the reorganization of certain operations.
- Includes lease termination and other facility costs, including charges related to multi-employer pension plan withdrawal obligations unrelated to facility closures.

(2) Impairment charges - net: Operating results for the year ended December 31, 2016 and 2015 were affected by the following impairment charges:

	2016	2015
Goodwill impairment charges ^(a)	\$ 527.8	\$ 18.0
Intangible asset impairment charges ^(b)	29.7	11.9
Total goodwill and intangible asset impairment charges	557.5	29.9
Other long-lived asset impairment charges	(0.9)	(1.0)
Total impairment charges - net	\$ 556.6	\$ 28.9

- Non-cash charge of \$527.8 million to recognize the impairment of goodwill in the commercial and digital print and statement printing reporting units within the Variable Print segment during the year ended December 31, 2016. Non-cash charges during the year ended December 31, 2015 of \$13.7 million and \$4.3 million to recognize the impairment of goodwill in the former Europe and Latin America reporting units, respectively, both of which were within the International segment.

- b. Impairment charges during the year ended December 31, 2016 were due to a non-cash impairment charge for certain acquired customer relationship intangible assets in the commercial and digital print reporting unit within the Variable Print segment. During the year ended December 31, 2015, the Company recorded non-cash charges of \$11.9 million for the impairment of intangible assets, including \$9.2 million and \$2.2 million related to the impairment of certain acquired customer relationship intangible assets in the labels reporting unit within the Variable Print segment and the Latin America reporting unit within the International segment, respectively.
- (3) Other charges: Includes recognition of charges associated with the Company's multi-employer withdrawal obligations unrelated to facility closures.
- (4) Spinoff-related transaction expenses: Consulting, tax advice, legal and other expenses associated with the spinoff transactions.
- (5) Acquisition-related expenses: Legal, accounting and other expenses associated with completed or contemplated acquisitions.
- (6) Pension settlement charges: Related to lump-sum pension settlement payments during the year ended December 31, 2016.
- (7) OPEB curtailment: Related to curtailment of the Company's OPEB plans during the year ended December 31, 2016.
- (8) Venezuela currency remeasurement: Currency remeasurement in Venezuela and the related impact of the devaluation resulted in a pre-tax loss of \$30.3 million, for the year ended December 31, 2015, of which \$10.5 million was included in loss attributable to noncontrolling interests.
- (9) Net loss on investments: Included a pre-tax loss of \$1.4 million resulting from the impairment of one of the Company's equity investments and a pre-tax gain of \$0.1 million resulting from the sale of certain of the Company's affordable housing investments. The year ended December 31, 2015 included a pre-tax gain of \$3.9 million resulting from the sale of one of the Company's affordable housing investments, a pre-tax loss of \$2.8 million resulting from the impairment of the Company's investment in the Brazilian operations of Courier and a pre-tax loss of \$1.3 million for the impairment of an equity investment.
- (10) Net (gain)/loss on disposal of businesses: Included a net gain of \$11.9 million for the year ended December 31, 2016, related to the sale of immaterial businesses within the International segment. For the year ended December 31, 2015, these pre-tax charges included a pre-tax loss of \$15.7 million, primarily related to the disposal of the Venezuelan operating entity in the International segment.
- (11) Income tax adjustment: included the recognition of a \$0.4 million deferred income tax benefit related to the Company's investment in LSC.

R. R. Donnelley & Sons Company

Condensed Consolidated Statements of Operations

For the Twelve Months Ended December 31, 2016 and 2015

(UNAUDITED)

(in millions, except per share data)

	For the Twelve Months Ended December 31,					
	2016 GAAP	ADJUSTMENTS TO NON-GAAP	2016 NON-GAAP	2015 GAAP	ADJUSTMENTS TO NON-GAAP	2015 NON-GAAP
Total net sales	\$ 6,895.7	\$ —	\$ 6,895.7	\$ 6,937.3	\$ —	\$ 6,937.3
Total cost of sales ⁽¹⁾	5,518.9	16.2	5,535.1	5,532.2	—	5,532.2
Total gross profit ⁽¹⁾	1,376.8	(16.2)	1,360.6	1,405.1	—	1,405.1
Selling, general and administrative expenses (SG&A) ⁽¹⁾	900.8	(28.5)	872.3	872.6	(0.5)	872.1
Restructuring, impairment and other charges - net	584.3	(584.3)	—	62.7	(62.7)	—
Depreciation and amortization	204.2	—	204.2	232.5	—	232.5
Other operating income	(11.9)	11.9	—	—	—	—
Income (loss) from operations	(300.6)	584.7	284.1	237.3	63.2	300.5
Interest expense - net	198.7	—	198.7	204.1	—	204.1
Investment and other (income) expense - net	(2.1)	(1.3)	(3.4)	43.9	(46.2)	(2.3)
Net earnings (loss) before income taxes	(497.2)	586.0	88.8	(10.7)	109.4	98.7
Income tax (benefit) expense	(12.3)	51.5	39.2	21.0	10.6	31.6
Net earnings (loss) from continuing operations	(484.9)	534.5	49.6	(31.7)	98.8	67.1
Net (loss) earnings from discontinued operations, net of income taxes ⁽²⁾	(9.7)	9.7	—	170.1	(170.1)	—
Net earnings (loss)	(494.6)	544.2	49.6	138.4	(71.3)	67.1
Less: Income (loss) attributable to noncontrolling interests	1.3	—	1.3	(12.7)	13.2	0.5
Net earnings (loss) attributable to RR Donnelley common stockholders	\$ (495.9)	\$ 544.2	\$ 48.3	\$ 151.1	\$ (84.5)	\$ 66.6

Basic net earnings (loss) per share attributable to RR Donnelley common stockholders:

Continuing operations	\$ (6.95)	\$ 0.69	\$ (0.28)	\$ 0.97
Discontinued operations	\$ (0.14)	\$ —	\$ 2.48	\$ —
Net earnings (loss) attributable to RR Donnelley stockholders	\$ (7.09)	\$ 0.69	\$ 2.20	\$ 0.97

Diluted net earnings (loss) per share attributable to RR Donnelley common stockholders:

Continuing Operations	\$ (6.95)	\$ 0.69	\$ (0.28)	\$ 0.97
Discontinued Operations	\$ (0.14)	\$ —	\$ 2.48	\$ —
Net earnings (loss) attributable to RR Donnelley common stockholders	\$ (7.09)	\$ 0.69	\$ 2.20	\$ 0.97

Weighted average common shares outstanding:

Basic	70.0	70.0	68.5	68.5
Diluted	70.0	0.5	70.5	68.9

Additional information:

Gross margin ⁽¹⁾	20.0%	19.7%	20.3%	20.3%
SG&A as a % of total net sales ⁽¹⁾	13.1%	12.6%	12.6%	12.6%
Operating margin	(4.4%)	4.1%	3.4%	4.3%
Effective tax rate	2.5%	44.1%	(196.3%)	32.0%

(1) Exclusive of depreciation and amortization

(2) Operating results from Donnelley Financial and LSC are classified as discontinued operations for all periods presented.

nm Not meaningful



R. R. Donnelley & Sons Company
Segment GAAP to Non-GAAP Operating Income and Non-GAAP Adjusted
EBITDA and Margin Reconciliation

For the Three Months Ended March 31, 2017

(UNAUDITED)

(in millions)

<u>For the Three Months Ended March 31, 2017</u>	Variable Print	Strategic Services	International	Corporate	Consolidated
Net sales	\$ 777.1	\$ 424.6	\$ 474.6	\$ —	\$ 1,676.3
Income (loss) from operations	43.8	3.8	16.9	(17.1)	47.4
Operating margin %	5.6%	0.9%	3.6%	nm	2.8%
<u>Non-GAAP Adjustments</u>					
Restructuring charges - net	0.5	1.4	4.5	1.6	8.0
Impairment charges - net	—	0.5	—	—	0.5
Other charges	0.5	0.1	—	—	0.6
Spinoff-related transaction expenses	—	—	—	2.1	2.1
Total Non-GAAP adjustments	1.0	2.0	4.5	3.7	11.2
Non-GAAP income (loss) from operations	\$ 44.8	\$ 5.8	\$ 21.4	\$ (13.4)	\$ 58.6
Non-GAAP operating margin %	5.8%	1.4%	4.5%	nm	3.5%
Depreciation and amortization	29.2	4.2	13.9	1.3	48.6
Non-GAAP Adjusted EBITDA	\$ 74.0	\$ 10.0	\$ 35.3	\$ (12.1)	\$ 107.2
Non-GAAP Adjusted EBITDA margin %	9.5%	2.4%	7.4%	nm	6.4%

R. R. Donnelley & Sons Company

Unaudited Segment GAAP to Non-GAAP Operating Income and Non-GAAP Adjusted EBITDA and Margin Reconciliation

For the Three Months Ended December 31, 2016

(in millions)

	Variable Print	Strategic Services	International	Corporate	Consolidated
Net sales	\$ 833.6	\$ 497.3	\$ 545.4	\$ —	\$ 1,876.3
Operating expense	1,327.1	495.8	496.5	23.8	2,343.2
Income (loss) from operations	(493.5)	1.5	48.9	(23.8)	(466.9)
Operating margin %	nm	0.3%	9.0%	nm	(24.9%)
Non-GAAP Adjustments					
Restructuring, impairment and other charges - net	558.2	0.1	2.7	(1.0)	560.0
Pension settlement charges	—	—	—	0.4	0.4
OPEB curtailment gains	—	—	—	0.2	0.2
Spinoff-related transaction expenses	—	—	0.1	7.9	8.0
Loss on dispositions of businesses	—	—	0.1	—	0.1
Total Non-GAAP adjustments	558.2	0.1	2.9	7.5	568.7
Non-GAAP income (loss) from continuing operations	\$ 64.7	\$ 1.6	\$ 51.8	\$ (16.3)	\$ 101.8
Non-GAAP operating margin %	7.8%	0.3%	9.5%	nm	5.4%
Depreciation and amortization	31.0	5.4	14.3	—	50.7
Non-GAAP Adjusted EBITDA	\$ 95.7	\$ 7.0	\$ 66.1	\$ (16.3)	\$ 152.5
Non-GAAP Adjusted EBITDA margin %	11.5%	1.4%	12.1%	nm	8.1%

R. R. Donnelley & Sons Company

Unaudited Segment GAAP to Non-GAAP Operating Income and Non-GAAP Adjusted EBITDA and Margin Reconciliation

For the Three Months Ended September 30, 2016

(in millions)

	Variable Print	Strategic Services	International	Corporate	Consolidated
Net sales	\$ 790.3	\$ 445.0	\$ 505.9	\$ —	\$ 1,741.2
Operating expense	740.2	431.7	470.0	15.3	1,657.2
Income (loss) from operations	50.1	13.3	35.9	(15.3)	84.0
Operating margin %	6.3%	3.0%	7.1%	nm	4.8%
Non-GAAP Adjustments					
Restructuring, impairment and other charges - net	1.9	1.3	1.1	6.5	10.8
Acquisition-related expenses	—	—	—	0.7	0.7
Pension settlement charges	—	—	—	0.3	0.3
OPEB curtailment gains	—	—	(0.1)	(19.6)	(19.7)
Net gain on dispositions of businesses	—	—	(0.3)	0.6	0.3
Total Non-GAAP adjustments	1.9	1.3	0.7	(11.5)	(7.6)
Non-GAAP income (loss) from continuing operations	\$ 52.0	\$ 14.6	\$ 36.6	\$ (26.8)	\$ 76.4
Non-GAAP operating margin %	6.6%	3.3%	7.2%	nm	4.4%
Depreciation and amortization	30.5	4.2	14.7	1.6	51.0
Non-GAAP Adjusted EBITDA	\$ 82.5	\$ 18.8	\$ 51.3	\$ (25.2)	\$ 127.4
Non-GAAP Adjusted EBITDA margin %	10.4%	4.2%	10.1%	nm	7.3%

R. R. Donnelley & Sons Company

Unaudited Segment GAAP to Non-GAAP Operating Income and Non-GAAP Adjusted EBITDA and Margin Reconciliation

For the Three Months Ended June 30, 2016

(in millions)

	Variable Print	Strategic Services	International	Corporate	Consolidated
Net sales	\$ 741.4	\$ 400.1	\$ 491.1	\$ —	\$ 1,632.6
Operating expense	701.3	391.2	462.3	53.1	1,607.9
Income (loss) from operations	40.1	8.9	28.8	(53.1)	24.7
Operating margin %	5.4%	2.2%	5.9%	nm	1.5%
<u>Non-GAAP Adjustments</u>					
Restructuring, impairment and other charges - net	1.5	0.3	3.2	3.2	8.2
Acquisition-related expenses	—	—	—	1.4	1.4
Pension settlement charges	—	—	—	20.4	20.4
Total Non-GAAP adjustments	1.5	0.3	3.2	25.0	30.0
Non-GAAP income (loss) from continuing operations	\$ 41.6	\$ 9.2	\$ 32.0	\$ (28.1)	\$ 54.7
Non-GAAP operating margin %	5.6%	2.3%	6.5%	nm	3.4%
Depreciation and amortization	30.1	5.1	14.9	(0.2)	49.9
Non-GAAP Adjusted EBITDA	\$ 71.7	\$ 14.3	\$ 46.9	\$ (28.3)	\$ 104.6
Non-GAAP Adjusted EBITDA margin %	9.7%	3.6%	9.5%	nm	6.4%

R. R. Donnelley & Sons Company

Unaudited Segment GAAP to Non-GAAP Operating Income and Non-GAAP Adjusted EBITDA and Margin Reconciliation

For the Three Months Ended March 31, 2016

(in millions)

	Variable Print	Strategic Services	International	Corporate	Consolidated
Net sales	\$ 780.1	\$ 384.5	\$ 481.0	\$ —	\$ 1,645.6
Operating expense	726.3	381.4	444.0	36.3	1,588.0
Income (loss) from operations	53.8	3.1	37.0	(36.3)	57.6
Operating margin %	6.9%	0.8%	7.7%	nm	3.5%
<u>Non-GAAP Adjustments</u>					
Restructuring, impairment and other charges - net	1.3	0.4	1.9	1.7	5.3
Acquisition-related expenses	—	—	—	0.6	0.6
Net gain on dispositions of businesses	—	—	(12.3)	—	(12.3)
Total Non-GAAP adjustments	1.3	0.4	(10.4)	2.3	(6.4)
Non-GAAP income (loss) from continuing operations	\$ 55.1	\$ 3.5	\$ 26.6	\$ (34.0)	\$ 51.2
Non-GAAP operating margin %	7.1%	0.9%	5.5%	nm	3.1%
Depreciation and amortization	29.9	4.6	17.0	1.1	52.6
Non-GAAP Adjusted EBITDA	\$ 85.0	\$ 8.1	\$ 43.6	\$ (32.9)	\$ 103.8
Non-GAAP Adjusted EBITDA margin %	10.9%	2.1%	9.1%	nm	6.3%

R. R. Donnelley & Sons Company

Unaudited Segment GAAP to Non-GAAP Operating Income and Non-GAAP Adjusted EBITDA and Margin Reconciliation

For the Three Months Ended December 31, 2015

(in millions)

	Variable Print	Strategic Services	International	Corporate	Consolidated
Net sales	\$ 840.0	\$ 416.6	\$ 552.7	\$ —	\$ 1,809.3
Operating expense	775.7	404.8	515.7	25.7	1,721.9
Income (loss) from operations	64.3	11.8	37.0	(25.7)	87.4
Operating margin %	7.7%	2.8%	6.7%	nm	4.8%
<u>Non-GAAP Adjustments</u>					
Restructuring, impairment and other charges - net	—	0.5	12.0	0.5	13.0
Acquisition-related expenses	—	—	—	0.2	0.2
Total Non-GAAP adjustments	—	0.5	12.0	0.7	13.2
Non-GAAP income (loss) from continuing operations	\$ 64.3	\$ 12.3	\$ 49.0	\$ (25.0)	\$ 100.6
Non-GAAP operating margin %	7.7%	3.0%	8.9%	nm	5.6%
Depreciation and amortization	32.8	4.6	18.1	0.4	55.9
Non-GAAP Adjusted EBITDA	\$ 97.1	\$ 16.9	\$ 67.1	\$ (24.6)	\$ 156.5
Non-GAAP Adjusted EBITDA margin %	11.6%	4.1%	12.1%	nm	8.6%

R. R. Donnelley & Sons Company

Unaudited Segment GAAP to Non-GAAP Operating Income and Non-GAAP Adjusted EBITDA and Margin Reconciliation

For the Three Months Ended September 30, 2015

(in millions)

	Variable Print	Strategic Services	International	Corporate	Consolidated
Net sales	\$ 793.1	\$ 390.7	\$ 527.8	\$ —	\$ 1,711.6
Operating expense	750.2	378.4	519.6	19.3	1,667.5
Income (loss) from operations	42.9	12.3	8.2	(19.3)	44.1
Operating margin %	5.4%	3.1%	1.6%	nm	2.6%
<u>Non-GAAP Adjustments</u>					
Restructuring, impairment and other charges - net	1.9	2.0	21.5	1.3	26.7
Acquisition-related expenses	—	—	—	0.1	0.1
Total Non-GAAP adjustments	1.9	2.0	21.5	1.4	26.8
Non-GAAP income (loss) from continuing operations	\$ 44.8	\$ 14.3	\$ 29.7	\$ (17.9)	\$ 70.9
Non-GAAP operating margin %	5.6%	3.7%	5.6%	nm	4.1%
Depreciation and amortization	33.5	4.6	18.5	0.8	57.4
Non-GAAP Adjusted EBITDA	\$ 78.3	\$ 18.9	\$ 48.2	\$ (17.1)	\$ 128.3
Non-GAAP Adjusted EBITDA margin %	9.9%	4.8%	9.1%	nm	7.5%

R. R. Donnelley & Sons Company

Unaudited Segment GAAP to Non-GAAP Operating Income and Non-GAAP Adjusted EBITDA and Margin Reconciliation

For the Three Months Ended June 30, 2015

(in millions)

	Variable Print	Strategic Services	International	Corporate	Consolidated
Net sales	\$ 763.3	\$ 393.7	\$ 522.4	\$ —	\$ 1,679.4
Operating expense	719.7	382.6	495.5	21.7	1,619.5
Income (loss) from operations	43.6	11.1	26.9	(21.7)	59.9
Operating margin %	5.7%	2.8%	5.1%	nm	3.6%
<u>Non-GAAP Adjustments</u>					
Restructuring, impairment and other charges - net	3.4	1.6	2.7	1.9	9.6
Acquisition-related expenses	—	—	—	0.2	0.2
Total Non-GAAP adjustments	3.4	1.6	2.7	2.1	9.8
Non-GAAP income (loss) from continuing operations	\$ 47.0	\$ 12.7	\$ 29.6	\$ (19.6)	\$ 69.7
Non-GAAP operating margin %	6.2%	3.2%	5.7%	nm	4.2%
Depreciation and amortization	33.8	5.1	19.5	1.0	59.4
Non-GAAP Adjusted EBITDA	\$ 80.8	\$ 17.8	\$ 49.1	\$ (18.6)	\$ 129.1
Non-GAAP Adjusted EBITDA margin %	10.6%	4.5%	9.4%	nm	7.7%

R. R. Donnelley & Sons Company

Unaudited Segment GAAP to Non-GAAP Operating Income and Non-GAAP Adjusted EBITDA and Margin Reconciliation

For the Three Months Ended March 31, 2015

(in millions)

	Variable Print	Strategic Services	International	Corporate	Consolidated
Net sales	\$ 818.5	\$ 403.6	\$ 514.9	\$ —	\$ 1,737.0
Operating expense	761.1	399.3	500.3	30.4	1,691.1
Income (loss) from operations	57.4	4.3	14.6	(30.4)	45.9
Operating margin %	7.0%	1.1%	2.8%	nm	2.6%
<u>Non-GAAP Adjustments</u>					
Restructuring, impairment and other charges - net	3.8	1.7	7.4	0.5	13.4
Total Non-GAAP adjustments	3.8	1.7	7.4	0.5	13.4
Non-GAAP income (loss) from continuing operations	\$ 61.2	\$ 6.0	\$ 22.0	\$ (29.9)	\$ 59.3
Non-GAAP operating margin %	7.5%	1.5%	4.3%	nm	3.4%
Depreciation and amortization	34.0	5.2	19.6	1.0	59.8
Non-GAAP Adjusted EBITDA	\$ 95.2	\$ 11.2	\$ 41.6	\$ (28.9)	\$ 119.1
Non-GAAP Adjusted EBITDA margin %	11.6%	2.8%	8.1%	nm	6.9%

R. R. Donnelley & Sons Company

Unaudited Segment GAAP to Non-GAAP Operating Income and Non-GAAP Adjusted EBITDA and Margin Reconciliation

For the Twelve Months Ended December 31, 2016

(in millions)

	Variable Print	Strategic Services	International	Corporate	Consolidated
Net sales	\$ 3,145.4	\$ 1,726.9	\$ 2,023.4	\$ —	\$ 6,895.7
Operating expense	3,494.9	1,700.1	1,872.7	128.6	7,196.3
Income (loss) from operations	(349.5)	26.8	150.7	(128.6)	(300.6)
Operating margin %	nm	1.6%	7.4%	nm	(4.4%)
<u>Non-GAAP Adjustments</u>					
Restructuring, impairment and other charges - net	562.9	2.1	8.9	10.4	584.3
Acquisition-related expenses	—	—	—	2.7	2.7
Pension settlement charges	—	—	—	21.1	21.1
OPEB curtailment gains	—	—	(0.1)	(19.4)	(19.5)
Spinoff-related transaction expenses	—	—	0.1	7.9	8.0
Net gains on disposal of businesses	—	—	(12.5)	0.6	(11.9)
Total Non-GAAP adjustments	562.9	2.1	(3.6)	23.3	584.7
Non-GAAP income (loss) from continuing operations	\$ 213.4	\$ 28.9	\$ 147.1	\$ (105.3)	\$ 284.1
Non-GAAP operating margin %	6.8%	1.7%	7.3%	nm	4.1%
Depreciation and amortization	121.5	19.4	61.0	2.3	204.2
Non-GAAP Adjusted EBITDA ^(g)	\$ 334.9	\$ 48.3	\$ 208.1	\$ (103.0)	\$ 488.3
Non-GAAP Adjusted EBITDA margin % ^(g)	10.6%	2.8%	10.3%	nm	7.1%

R. R. Donnelley & Sons Company

Unaudited Segment GAAP to Non-GAAP Operating Income and Non-GAAP Adjusted EBITDA and Margin Reconciliation

For the Twelve Months Ended December 31, 2015

(in millions)

	Variable Print	Strategic Services	International	Corporate	Consolidated
Net sales	\$ 3,214.9	\$ 1,604.6	\$ 2,117.8	\$ —	\$ 6,937.3
Operating expense	3,006.7	1,565.1	2,031.1	97.1	6,700.0
Income (loss) from operations	208.2	39.5	86.7	(97.1)	237.3
Operating margin %	6.5%	2.5%	4.1%	nm	3.4%
<u>Non-GAAP Adjustments</u>					
Restructuring, impairment and other charges - net	9.1	5.8	43.6	4.2	62.7
Acquisition-related expenses	—	—	—	0.5	0.5
Total Non-GAAP adjustments	9.1	5.8	43.6	4.7	63.2
Non-GAAP income (loss) from continuing operations	\$ 217.3	\$ 45.3	\$ 130.3	\$ (92.4)	\$ 300.5
Non-GAAP operating margin %	6.8%	2.8%	6.2%	nm	4.3%
Depreciation and amortization	134.1	19.5	75.7	3.2	232.5
Non-GAAP Adjusted EBITDA	\$ 351.4	\$ 64.8	\$ 206.0	\$ (89.2)	\$ 533.0
Non-GAAP Adjusted EBITDA margin %	10.9%	4.0%	9.7%	nm	7.7%

R. R. Donnelley & Sons Company

Unaudited Segment GAAP to Non-GAAP Operating Income and Non-GAAP Adjusted EBITDA and Margin Reconciliation

For the Twelve Months Ended December 31, 2014

(in millions)

	Variable Print	Strategic Services	International	Corporate	Consolidated
Net sales	\$ 3,268.5	\$ 1,563.0	\$ 2,341.2	\$ —	\$ 7,172.7
Operating expense	3,083.7	1,512.1	2,227.4	135.6	6,958.8
Income (loss) from operations	184.8	50.9	113.8	(135.6)	213.9
Operating margin %	5.7%	3.3%	4.9%	nm	3.0%
<u>Non-GAAP Adjustments</u>					
Restructuring, impairment and other charges - net	40.1	6.6	21.1	4.5	72.3
Acquisition-related expenses	0.1	—	0.4	6.5	7.0
Purchase accounting inventory adjustment	12.1	—	—	—	12.1
Total Non-GAAP adjustments	52.3	6.6	21.5	11.0	91.4
Non-GAAP income (loss) from continuing operations	\$ 237.1	\$ 57.5	\$ 135.3	\$ (124.6)	\$ 305.3
Non-GAAP operating margin %	7.3%	3.7%	5.8%	nm	4.3%
Depreciation and amortization	139.7	19.4	87.7	7.8	254.6
Non-GAAP Adjusted EBITDA	\$ 376.8	\$ 76.9	\$ 223.0	\$ (116.8)	\$ 559.9
Non-GAAP Adjusted EBITDA margin %	11.5%	4.9%	9.5%	nm	7.8%

R.R. Donnelley & Sons Company

Reconciliation of Reported to Organic Net Sales

For the Three Months Ended March 31, 2017

(UNAUDITED)

(in millions)

	Consolidated	Variable Print	Strategic Services	International
Reported net sales change	1.9%	(0.4%)	10.4%	(1.3%)
Less:				
Impact of acquisitions ⁽¹⁾	1.0%	1.0%	1.9%	---%
Year-over-year impact of changes in foreign currency (FX) rates	(0.6%)	---%	---%	(2.0%)
Year-over-year impact of dispositions ⁽²⁾	(0.1%)	---%	---%	(0.5%)
Year-over-year impact of new sales under the Commercial Agreements ⁽³⁾	2.3%	---%	9.2%	0.6%
Net organic sales change ⁽⁴⁾	(0.7%)	(1.4%)	(0.7%)	0.6%

- (1) The reported results of the Company include the results of acquired businesses from the acquisition date forward. To calculate the impact of the acquisition of Precision Dialogue in August of 2016, the Company has calculated pro forma net sales as if the acquisition took place on January 1, 2016 for the purposes of this schedule. This resulted in the addition of \$7.8 million of net sales in 2016 to the Variable Print segment and \$7.0 million of net sales in 2016 to the Strategic Services segment.
- (2) Adjusted for net sales of disposed businesses: Entities within International segment in the first and third quarters of 2016.
- (3) Adjusted for new sales as a result of the Commercial Agreements entered into in conjunction with the spinoff transactions.
- (4) Adjusted for net sales of acquired and disposed businesses, new sales under the Commercial agreements and the impact of changes in FX rates.

R.R. Donnelley & Sons Company

Reconciliation of Reported to Organic Net Sales

For the Twelve Months Ended December 31, 2016

(UNAUDITED)
(in millions)

Reported net sales change	(0.6%)
Less:	
Impact of acquisitions ⁽¹⁾	0.3%
Year-over-year impact of changes in foreign currency (FX) rates	(1.0%)
Year-over-year impact of dispositions ⁽²⁾	(0.5%)
Year-over-year impact of new sales under the Commercial Agreements ⁽³⁾	1.8%
Net organic sales change ⁽⁴⁾	(1.2%)

- (1) The reported results of the Company include the results of acquired businesses from the acquisition date forward. To calculate the impact of the acquisition of Precision Dialogue in August of 2016, the Company has calculated pro forma net sales as if the acquisition took place on January 1, 2015 for the purposes of this schedule. This resulted in the addition of \$36.8 million and \$58.9 million of net sales in 2016 and 2015, respectively.
- (2) Adjusted for net sales of disposed businesses: Entities within International segment during first and third quarters of 2016; Venezuelan operating entity in the second quarter of 2015.
- (3) Adjusted for new sales as a result of the Commercial Agreements entered into in conjunction with the spinoff transactions.
- (4) Adjusted for net sales of acquired and disposed businesses, new sales under the Commercial agreements and the impact of changes in FX rates.

R.R. Donnelley & Sons Company

Reconciliation of GAAP Net Earnings (Loss) to Non-GAAP Adjusted EBITDA For the Three Ended March 31, 2017 and 2016

(UNAUDITED)

(in millions)

	For the Three Months Ended March 31,	
	2017	2016
GAAP net earnings (loss) attributable to RRD common stockholders	\$ (50.1)	\$ 39.8
<u>Adjustments</u>		
Less: earnings from discontinued operations, net of tax	—	(36.2)
Income attributable to noncontrolling interests	0.3	0.3
Income tax expense	0.2	3.4
Interest expense - net	48.3	50.4
Investment and other expense (income)- net	48.7	(0.1)
Depreciation and amortization	48.6	52.6
Restructuring, impairment and other charges - net	9.1	5.3
Spinoff-related transaction costs	2.1	—
Acquisition-related expenses	—	0.6
Net gain on dispositions of businesses	—	(12.3)
Total Non-GAAP adjustments	157.3	64.0
Non-GAAP adjusted EBITDA from continuing operations	\$ <u>107.2</u>	\$ <u>103.8</u>
Net sales	\$ 1,676.3	\$ 1,645.6
Non-GAAP adjusted EBITDA margin %	6.4%	6.3%

R.R. Donnelley & Sons Company

Reconciliation of GAAP Net Earnings (Loss) to Non-GAAP Adjusted EBITDA For the Three and Twelve Months Ended December 31, 2016 and 2015

(UNAUDITED)

(in millions)

	For the Twelve Months Ended	For the Three Months Ended			
	December 31, 2016	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
GAAP net earnings (loss) attributable to RR Donnelley common stockholders	\$ (495.9)	\$ (514.1)	\$ (7.1)	\$ (14.5)	\$ 39.8
Adjustments					
Less: (earnings) loss from discontinued operations, net of tax ^(a)	9.7	25.5	29.1	(8.7)	(36.2)
Income attributable to noncontrolling interests	1.3	0.5	0.3	0.2	0.3
Income tax expense (benefit)	(12.3)	(25.2)	13.9	(4.4)	3.4
Interest expense - net	198.7	48.1	48.8	51.4	50.4
Investment and other (income) expense - net	(2.1)	(1.7)	(1.0)	0.7	(0.1)
Depreciation and amortization	204.2	50.7	51.0	49.9	52.6
Restructuring, impairment and other charges - net ^(b)	584.3	560.0	10.8	8.2	5.3
Acquisition-related expenses ^(c)	2.7	—	0.7	1.4	0.6
Spinoff-related transaction costs ^(d)	8.0	8.0	—	—	—
Pension settlement charges ^(e)	21.1	0.4	0.3	20.4	—
Net (gain) loss on dispositions of businesses ^(f)	(11.9)	0.1	0.3	—	(12.3)
OPEB curtailment gains(g)	(19.5)	0.2	(19.7)	—	—
Total Non-GAAP adjustments	984.2	666.6	134.5	119.1	64.0
Non-GAAP adjusted EBITDA from continuing operations	\$ 488.3	\$ 152.5	\$ 127.4	\$ 104.6	\$ 103.8
Net sales	\$ 6,895.7	\$ 1,876.3	\$ 1,741.2	\$ 1,632.6	\$ 1,645.6
Non-GAAP adjusted EBITDA margin %	7.1%	8.1%	7.3%	6.4%	6.3%
	For the Twelve Months Ended	For the Three Months Ended			
	December 31, 2015	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
GAAP net earnings (loss) attributable to RR Donnelley common stockholders	\$ 151.1	\$ 71.0	\$ 14.3	\$ 43.5	\$ 22.3
Adjustments					
Less: earnings from discontinued operations, net of tax ^(a)	(170.1)	(87.4)	(22.5)	(51.5)	(8.7)
(Loss) income attributable to noncontrolling interests	(12.7)	0.3	(2.7)	0.1	(10.4)
Income tax (benefit) expense	21.0	52.3	1.0	4.4	(36.7)
Interest expense - net	204.1	50.6	51.0	51.3	51.2
Investment and other expense - net	43.9	0.6	3.0	12.1	28.2
Depreciation and amortization	232.5	55.9	57.4	59.4	59.8
Restructuring, impairment and other charges - net ^(b)	62.7	13.0	26.7	9.6	13.4
Acquisition-related expenses ^(c)	0.5	0.2	0.1	0.2	—
Total Non-GAAP adjustments	381.9	85.5	114.0	85.6	96.8
Non-GAAP adjusted EBITDA from continuing operations	\$ 533.0	\$ 156.5	\$ 128.3	\$ 129.1	\$ 119.1
Net sales	\$ 6,937.3	\$ 1,809.3	\$ 1,711.6	\$ 1,679.4	\$ 1,737.0
Non-GAAP adjusted EBITDA margin %	7.7%	8.6%	7.5%	7.7%	6.9%

(a) Reflects the net earnings directly associated with the discontinued operations of the Donnelley Financial and LSC businesses.

(b) Restructuring, impairment and other charges - net: Pre-tax charges for employee termination costs, lease termination and other costs, multi-employer pension plan withdrawal obligations as a result of facility closures, and impairment of goodwill, intangible assets and other long-lived assets.

- (c) Acquisition-related expenses: Included charges related to legal, accounting and other expenses associated with completed or contemplated acquisitions.
- (d) Spinoff-related transaction expenses: Consulting, tax advice, legal and other expenses associated with the spinoff transactions.
- (e) Pension settlement charges: Pre-tax charges recognized for pension lump-sum settlement payments.
- (f) Net (gain) loss on dispositions of businesses: Related to the dispositions of immaterial entities within the International segment.
- (g) OPEB curtailment gains: Included gains as a result of the curtailment of the Company's OPEB plans.